

CHAPTER 12 -- PROJECT MONITORING

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CHAPTER 12

PROJECT MONITORING

OVERVIEW

Recipients of CDBG financial assistance are responsible for administering their CDBG projects in accordance with all applicable state, federal and program requirements. The Department has the responsibility to ensure that CDBG recipients are carrying out their projects in accordance with these requirements – by means of providing assistance to the local projects and by means of monitoring and reviewing the work done by local projects.

PURPOSE OF PROJECT MONITORING

Project monitoring is the Department's primary method for determining whether a project is in compliance with the state, federal, and CDBG requirements. It is the Department's overall goal to assist and support CDBG recipients in complying with these requirements and in successfully implementing their project activities from start-up through closeout of the project.

During the course of the CDBG project, the Department will monitor each local CDBG project and grant recipient through regular contacts with the local Project Manager and through written progress reports. Local Project Managers are required to submit:

- a **Project Progress Report (Exhibit 4-F)** with each request for drawdown of funds; and
- a **Quarterly Update Report (Exhibit 4-N)** within 15 days of the close of each quarter.

These reports are designed to:

- provide information and updates concerning project activities, progress on objectives and upcoming activities related to:
 - all items in the scope of work as stated in Section 5 of the contract
 - key items in the approved project Management Plan;
 - key milestones in the approved project Quarterly Implementation Schedule (contract Attachment A); and
 - any problems the project may be encountering.
- describe local project activities related to completing key CDBG requirements, especially those highlighted in the requirements checklists that are included as Exhibits in most of the chapters of this CDBG Grant Administration Manual.

In addition, CDBG staff will also make periodic on-site visits to local projects and call local Project Managers, so that any problems that might occur can be resolved as soon and as easily as possible.

Additional goals of the monitoring process are to determine whether CDBG recipients:

- are complying with CDBG specific requirements and other state/federal laws and regulations;
- are carrying out their CDBG project activities as described in their applications and contracts;
- are carrying out their project activities in a timely manner, in accordance with adopted project implementation schedules;
- are charging costs to the projects which are eligible uses of CDBG funds and consistent with the approved project budget; and
- are conducting the program in a manner that minimizes the opportunity for fraud, waste, and mismanagement.

CDBG recipients are required to maintain complete financial and project files, to comply with CDBG reporting requirements, and to make their records available to authorized agents of state government. Representatives of the Department must be provided reasonable access, during normal business hours, to all books, accounts, records, reports and files pertaining to CDBG-funded activities. Under Montana law, CDBG recipients must also provide all citizens with reasonable access to records regarding the use of CDBG funds.

MONITORING PROCEDURES

In addition to reviewing information submitted with quarterly progress reports, progress reports submitted along with requests for CDBG funds, the CDBG liaison for your project will schedule at least one on-site monitoring visit for each CDBG recipient. MDOC will attempt to monitor projects twice if possible; once, during start-up and usually in conjunction with the pre-construction conference, and the second, during construction activities.

Each monitoring visit usually involves a one or two-day visit to the community to review records, to inspect the community's progress in completing the project activities, and to meet with the Project Manager and local officials and with citizens involved in the project.

On-site monitoring is a structured review conducted at the location(s) where project activities are being carried out and/or where project records are maintained. CDBG staff use a formal monitoring checklist, Exhibit 12-A, *CDBG Project Monitoring Guide*. Essential monitoring supplements to the *Monitoring Guide* are the requirements checklists that are included as exhibits at the end of several of the chapters of the CDBG Grant Administration Manual (see page 12-5 for list of these exhibits).

The Project Monitoring Guide covers the key requirements discussed in this manual as the format for the CDBG staff's review of local projects. The monitoring checklist Exhibit 12-A is designed to parallel the organization of the chapters and the project administration issues discussed in this CDBG Grant Administration Manual.

Prior to a monitoring visit, the CDBG liaison will contact the project manager concerning the timing and scope of the monitoring visit. Whenever possible, each monitoring visit normally concludes with an exit conference. The exit conference provides an opportunity

to meet with local officials and staff to review and discuss any outstanding issues identified during the site visit, both positive and negative.

As part of that exit conference discussion, the CDBG liaison will describe his or her tentative conclusions and indicate the level of concern, if any, that will be assigned to a particular issue and why. In particular, the CDBG liaison will discuss those issues that he or she intends to address in written monitoring comments.

In many cases, by thoroughly discussing a potential or actual problem, CDBG staff is able to determine that there is a reasonable explanation for a particular circumstance or question and able to help find a reasonable solution. Since the overall goal of the CDBG liaison is to assist CDBG recipients in achieving timely and effective grant management, every effort will be made to informally resolve or clarify minor monitoring concerns during the exit conference.

MONITORING COMMENTS

Within 60 days following the monitoring visit, the CDBG liaison will provide written monitoring comments to the grant recipient in the form of a monitoring letter/report. Copies of the letter will be sent to both the chief elected official and the project manager.

The monitoring letter will contain the following general elements:

1. A description of each major area the monitoring visit covered, files reviewed, CDBG staff person who conducted the review, and the date(s) that the on-site review occurred;
2. A brief description of the statutory or regulatory requirement at issue and an explanation of the documentation examined pertinent to the requirement;
3. The conclusions the reviewer has reached -- i.e., satisfactory performance, a concern, a question of performance, or a finding (an explanation of these terms is given below); and
4. A statement that describes the basis for the conclusion(s)

Within the scope of a monitoring review there are potentially three levels that may be assigned to a particular issue, if the CDBG recipient's performance is considered less than satisfactory:

CONCERN

When the CDBG liaison raises an issue that does not involve a statutory or regulatory requirement but may involve recommending a management or program improvement, it is considered a concern. A modification of an administrative procedure or policy is suggested but is not required. No response by local officials is required.

QUESTION OF PERFORMANCE

If the monitoring review raises a question regarding whether a violation of a statutory or regulatory requirement has occurred, the CDBG liaison will first informally discuss the review results with local officials to determine if a violation has occurred. If a determination cannot be made during the exit conference, the CDBG staff may conclude that there is still a question of performance and request that additional information be

provided within a 30 day time period in order for MOC to determine whether a violation has, in fact, occurred. A final determination regarding the issue under question will be made within 30 days of the grant recipient's response.

FINDING

When a monitoring review of a CDBG recipient's performance reveals a specific, identifiable violation of a statutory or regulatory requirement about which there is no question, the CDBG liaison will make a *finding*. A written response regarding the CDBG recipient's proposed actions to correct the situation is required within 30 days of the date of the CDBG liaison's monitoring letter. Corrective actions should be designed to:

1. Prevent a continuance of the violation;
2. Mitigate any adverse effects or consequences of the violation to the extent possible under the circumstances; and
3. Prevent a recurrence of the same or similar violation.

There may be a number of acceptable solutions for resolving a violation. The CDBG recipient is allowed to respond to each problem with any reasonable and adequate solution of its choice. The Department will determine the adequacy of a corrective action. At all times, the CDBG staff will offer any necessary technical assistance to CDBG recipients to avoid or resolve any monitoring findings.

PROJECT MONITORING GUIDE:

- Exhibit 12-A -- CDBG Project Monitoring Guide

REQUIREMENTS CHECKLISTS:

- Exhibit 1-G -- Project Start-Up Checklist
- Exhibit 2-B.1 -- Abbreviated Environmental Checklist
- Exhibit 3-I -- Procurement Check List
- Exhibit 5-U -- Civil Rights Responsibilities Checklist
- Chapter 6, page 6-7 and following -- Labor Standards -- Grantee Responsibilities
- Exhibit 9-M -- Public Facility Construction and New Housing Construction Management Checklist
- Exhibit 13-A -- Project Completion Report Instructions